

support the "shortest possible transition period"³⁷ while most other parties (including IXC's) support a longer transition period.³⁸ The Commission's NPR listed several reasons why the transition period should be established at six years. The primary reasoning was that pay phone providers, manufacturers and PBX users required a lengthened permissive period in order to adequately depreciate their current facilities.³⁹ VarTec agrees with the Commission's NPR proposing a six year permissive period for several reasons. First, VarTec believes that existing pay phone providers, manufacturers, and PBX users must be given ample time to upgrade their existing facilities. Abbreviating the permissive dialing period would cause significant financial loss to those entities possessing PBX and pay phone facilities that cannot recognize and/or process the expanded CICs (just as IXC's like VarTec will experience significant financial loss).

Secondly (and most importantly for VarTec and many other small IXC's), customers must be given ample time to be contacted and educated about the FGD CIC expansion. VarTec agrees with comments put forth by Allnet which state that a lengthened CAC will increase the difficulties and costs experienced in attracting customers who must dial such codes to use their preferred long distance carrier.⁴⁰ As VarTec has stated in comments previously filed in this Docket,⁴¹ IXC's like VarTec must be afforded time to develop the

³⁷ NPR, ¶ 52, *infra*.

³⁸ NPR, ¶ 53, *infra*.

³⁹ NPR, ¶54, *infra*.

⁴⁰ NPR, ¶ 49, citing Allnet comments at p. 8 and reply comments at pp. 1-3.

⁴¹ Comments of VarTec Telecom, Inc. at 5.

ability to segregate its existing customers who access their long distance services via their CAC. These "casual"⁴² customers will need to be re-marketed in such a way so as to educate consumers concerning the FGD CIC expansion. The re-marketing efforts will require tremendous expense in both labor and resources. Many LECs contend that any permissive dialing period increases their switching costs. However, these claims are merely an attempt to financially benefit from the consumer's confusion and lack of information regarding the expanded CAC that would inevitably follow a shorter transition period which failed to allow time for the re-marketing of the carrier's customer base. As such, VarTec submits that the Commission mandate, at a minimum, a six year permissive dialing period.

4. CUSTOMER INFORMATION

VarTec respectfully requests the Commission mandate that the LECs provide all of their existing as well as new customers with information regarding the new, seven digit expanded CAC as a means of education. Clearly, the LECs are in the best and most cost-effective position to enlighten consumers in this regard. However, VarTec requests the Commission regulate the content of the information transmitted to consumers. Without information that clearly and concisely describes the provisions during the permissive dialing period, the LECs could benefit from customer confusion. Specifically, notices should only be sent to the customers of IXC's who have implemented the necessary network and billing changes required to process the expanded CAC. For example, VarTec believes that a notice

⁴² VarTec defines the term casual to mean a customer who is presubscribed to another interexchange carrier but, for some long distance calls, chooses to utilize the services of an alternative long distance provider via the alternative providers CAC.

sent out by United Telephone-Florida and Centel-Florida (**Exhibit "11"**) is acceptable, with certain revisions. The content of this notice is clear and concise. However, VarTec believes that the larger, bolded print in the second column could be misleading. The statement reads "Beginning May 8, 1995, everyone in Florida should begin dialing the new 7-digit CAC with all per-call-selection long distance calls." This statement could lead the customer to believe that there is not permissive dialing period. VarTec believes that a statement reflecting the length of the permissive dialing period and that customers may dial either the five digit or the seven digit CAC during the permissive period would better serve the public interest. Additionally, while several avenues are available to avoid customer confusion regarding this matter, VarTec further proposes that the LECs be mandated to provide an intercept message to any customers dialing the five digit CAC during the twelve months following the transition period informing the customer of the carrier's seven digit replacement access code. Such action by the Commission may dramatically reduce the hardship experienced by IXC's as a result of this change in dialing parameters.

IV. INTERSTATE INTRALATA CALLS

VarTec encourages the Commission to require that the LECs cease screening the completing interstate, intraLATA ("1+") message telecommunications service ("MTS") calls and, instead, deliver those calls to the carrier preselected by the end user. VarTec supports the adoption of a "2-PIC" system whereby the customer chooses both an interLATA presubscribed carrier as well as an intraLATA presubscribed carrier, the latter of which may be neither the customer's interLATA presubscribed carrier nor its LEC if the customer so desires. Specifically, VarTec calls the

Commission's attention to comments it previously filed in this docket⁴³ as well as the comments of other interested parties such as the Competitive Telecommunications Association ("CompTel").⁴⁴

**V. THE COMMISSION HAS THE RESPONSIBILITY AND THE AUTHORITY
TO ISSUE A RULING REGARDING THESE MATTERS**

**A. THE COMMISSION HAS THE STATUTORY AUTHORITY TO GRANDFATHER
THE EXISTING CICs OF SMALL TELECOMMUNICATIONS ENTITIES.**

In promulgating rules regarding the FGD CIC expansion, the Commission certainly realizes that small telecommunications entities cannot be held to the same regulatory constraints as those carriers currently dominating a vast majority of the long distance revenues in the United States. The Congress undoubtedly took these considerations under advisement by promulgating the Regulatory Flexibilities Act and thereby granting the Commission, under the purview of said statute, authority to consider alternative regulatory schemes that minimize the impact of rules on small businesses and that could adversely affect competition.⁴⁵

The courts have clearly stated that it is the Commission's "responsibility to reevaluate its regulatory standards over time, and periodic examination of the continued vitality of regulatory approaches should not be discouraged."⁴⁶ The Commission was granted both the responsibility and

⁴³ VarTec comments, p. 7, et. seq.

⁴⁴ CompTel comments filed June 7, 1994, p. 2, et. seq.

⁴⁵ 5 USC 601 (a).

⁴⁶ *Office of Communication of United Church of Christ v. Federal Communications Commission*, 707 F.2d. 1413, 228 U.S.App.D.C. 8.

the authority to rule on matters involving national telecommunications policy by Congress. The Communications Act of 1934 (§§1 et seq.) granted the Commission the power to exercise its authority in a manner best calculated to service the needs of the public.⁴⁷ As stated above, VarTec believes it is in the public interest to grandfather the existing CICs of the hundreds of small telecommunications entities so as to ensure competition (and, as a result, increased variety of services and lower long distance usage rates).

By allowing small telecommunications entities to indefinitely utilize their three digit CICs, the Commission will further promote the concept of decentralizing power in the telecommunications industry which is currently held by AT&T, MCI, Sprint (for interLATA calls) and the LECs (for intraLATA calls).⁴⁸ Thus, rather than implementing a discriminatory policy in favor of the smaller interexchange carriers, the Commission would merely be exercising its "broad discretion in implementing its controlling statutes" guaranteed in the Communications Act of 1934.⁴⁹

B. THE COMMISSION HAS THE RESPONSIBILITY TO CLARIFY THE PROCEDURES REGARDING THE FGD CIC EXPANSION.

If the Commission decides that grandfathering the existing CICs is not in the public interest, the Commission has the responsibility and authority to promulgate rules and regulations regarding the FGD CIC expansion. It has been duly noted that Congressional intent and current federal policy

⁴⁷ *Virginia State Corporation Commission v. Federal Communications Commission*, 737 F. 2d 388.

⁴⁸ *United States v. American Telephone and Telegraph Company*, 552 F.Supp. 131, 163, et. seq.

⁴⁹ *Electronic Industries Association Consumer Electronics Group v. Federal Communications Commission*, 636 F.2d. 689, 204 U.S.App.D.C. 417.

are such that:

the FCC maintain a broad expertise and perform supervisory functions at a policy level to assure that the communications network not become obsolete or antiquated in the face of evolutionary changes in the volume and nature of the needs, subject to the limitation that the expense involved be so phased as not to impair the carrier's ability to perform its duty to the public. *Communications Act of 1934, §§ 1, et seq., 3(a,b)*.⁵⁰

The requests described herein are clearly made in response to an evolving telecommunications marketplace. While competition in the interexchange telecommunications market is increasing, failure by the Commission to promulgate clear rules establishing practices and procedures utilized during the FGD CIC expansion would provide larger telecommunications entities an unfair advantage over smaller telecommunications companies.

VI. CONCLUSION

The lack of clear and concise policies regarding the FGD CIC expansion have caused a serious amount of confusion within the telecommunications industry. Numerous small telecommunications entities could be irreparably harmed if the Commission does not grandfather their CICs or create clear regulations regarding the FGD CIC expansion. As such VarTec hereby recapitulates the requests made herein:

- (1) Pursuant to the provisions set forth in the RFA, VarTec respectfully requests that the Commission grant it, and other small telecommunications entities containing less than 1500 employees, indefinite relief from implementing such changes in their telecommunications facilities.
- (2) VarTec respectfully requests the Commission grant it, and other small telecommunications entities containing less than 1500 employees, indefinite relief from re-marketing and

⁵⁰ *United States v. Western Electric Company, Inc.* 531 F. Supp. 894.

eventually requiring their customer base to dial the expanded seven digit CAC, hence, allowing such customers to dial said carriers' five digit CAC indefinitely.

- (3) VarTec also respectfully requests that the Commission complete a regulatory flexibility analysis including all of the provisions required by the RFA.

Or, in the event that the Commission concludes that grandfathering the existing CICs of small telecommunications entities is contrary to the public interest, VarTec respectfully requests that the Commission codify rules and regulations pertaining to the expansion of FGD CICs as follows:

Network Requirements

- (3) That, end users will be able to dial both the three digit CIC and the expanded four digit CIC during the duration of the permissive dialing period;
- (4) That, the Commission set a date certain when all LECs providing FGD access services are required to have their network facilities upgraded to accept both the three digit CIC and the expanded four digit CIC for the duration of the permissive dialing period; and,
- (5) That, the Commission set a date certain when all IXC's would be required to convert their trunk group configurations to the expanded four digit CIC format.

Billing System Requirements

- (6) That, the Commission set forth a date certain when all LECs must accept the new four digit CICs in their billing systems;
- (7) That, the Commission incorporate existing LEC policies stating that IXC's may submit three digit CIC billing records during the permissive dialing period;
- (8) That, the Commission incorporate existing LEC policies stating that once an IXC has requested that a LEC accept the expanded four digit CIC billing records, the IXC must submit all of its billing records in the four digit CIC format; and,
- (9) That, the Commission set a date certain when all IXC's must submit their billing records to the LECs exclusively in the four digit CIC format.

Length of the Permissive Dialing Period

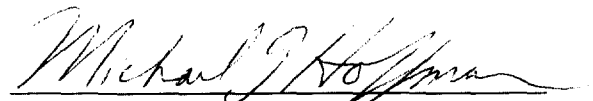
- (10) That, the Commission mandate, at a minimum, a six year permissive dialing period.

Customer Notification Issues

- (11) That, the Commission regulate the content of information transmitted to consumers regarding the FGD CIC expansion such that all notices clearly and concisely describe customer dialing options during the permissive dialing period.
- (12) That, the Commission require each LEC to provide customers with educational bill inserts informing customers of the length of the permissive dialing period, customer dialing options during the permissive dialing period and the date when the permissive dialing period will end.
- (13) That, the LECs be mandated to provide an intercept message to any customers dialing the five digit CAC during the twelve months following the end of the permissive dialing period informing the customer of the carrier's seven digit replacement CAC.

Based on the foregoing information, VarTec respectfully requests that the Commission grant this Petition for Rulemaking.

VarTec Telecom, Inc.



Michael G. Hoffman, Esq.
General Counsel and
Senior Vice President
Department of Legal and Regulatory Affairs
3200 West Pleasant Run Road
Lancaster, Texas 75146
(214) 230-7200

Dated: May 11, 1995

EXHIBIT "1"

Bell Atlantic Network Services, Inc.
Two Bell Atlantic Plaza
1320 North Court House Road
9th Floor
Arlington, Virginia 22201
703 974-4660
FAX 703 974-2181

Zee Domingoes
Billing Services
Carrier Services December 2, 1994

VarTec Telecom, Inc.
Ms. Connie Mitchell
Senior Vice President
Corporate Services & Carrier Relations
3200 West Pleasant Run Road
Lancaster, TX 75146

Dear Ms. Connie Mitchell:

As you are well aware, OBF has authorized the expansion of the 3 digit cic code to 4. Bell Atlantic is in the process of updating our system in order to meet the needs of the marketplace.

We are, however, asking for your assistance. As you proceed with updating your own system to accommodate this change, Bell Atlantic is asking that if you do wish to convert to the 4 digit cic in our region, that you notify Bell Atlantic in writing at least 8 weeks in advance to going live. Once we have received notification of your conversion, we will set up a testing date with you to test the process with your company.

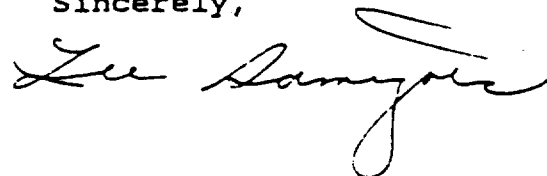
Bell Atlantic's primary processing requires it to key off indicator 14 in the EMI Record for the following values:

- 4 = 3 digit cic
- 5 = 3 digit cic, with modules
- 7 = 4 digit cic
- 8 = 4 digit cic, with modules

If you convert to the 4 digit cic, you will not be allowed to send mixed cics 3 and 4 digits. The usage will be returned if this occurs.

I appreciate your cooperation in this matter and Bell Atlantic looks forward to a smooth transition. If you have any questions, please feel free to call me on 703 974-4660.

Sincerely,



cc: G. Comfort
D. Broadnax
C. Steeper

EXHIBIT "2-a"

SAMPLE CUSTOMER LETTER

DATE:

COMPANY NAME:

SALUTATION:

The purpose of this letter is to bring you up to date on Ameritech's plan to implement Feature Group D CIC Expansion and to ask your assistance in the coordination of that project.

As you are aware, CICs, like NPAs and NXXs, are in limited supply and are projected to exhaust sometime in 1995. In response to this situation, the Industry determined some time ago that it will be necessary to expand the Feature Group D CIC from 3 to 4 digits.

Although conservation measures are in place and Bellcore estimates that the current supply should last into the second quarter of 1995, exhaust could occur sooner. Should that happen without adequate preparation by the LECs, it would not be possible to assign new CICs. As a result, Ameritech had decided on a CIC Expansion implementation date of November 1, 1994.

However, in order to successfully prepare for CIC Expansion by the November date, it will be necessary to coordinate limited testing with your company. Ameritech wishes to conduct this testing in late July or early August. Please advise me as soon as possible of your company's readiness to participate in testing during that timeframe.

Although additional information on CIC Expansion will be provided as the project progresses, it should be noted that Industry guidelines call for changing the current casual calling pattern of 10XXX to 101XXXX. The XXXX represents the expanded CIC, which in the case of your company will be 0XXX. Additionally there will be a Permissive Period, possibly as long as 5 years, during which and users will be allowed to use both the old and new dialing patterns.

With regard to signaling, however, there will be no significant permissive period and 3 digit CICs will eventually be phased out entirely. For that reason, Ameritech is asking that the ICs modify their networks accordingly and be prepared to accept a 4 digit CIC by November 1, 1994.

If there are any questions on this matter, please call me on NPA XXX-XXXX. Your assistance in this matter is greatly appreciated.

Sincerely,
Account Manager

EXHIBIT "2-b"

SAMPLE CUSTOMER LETTER

NAME:

DATE:

SALUTATION:

As Ameritech works toward the implementation of a 4 digit CIC, there have been a number of inquiries regarding SS7 and its relationship to the CIC Expansion project. In the context of SS7 as one of the internal systems requiring certain modifications, the questions have focused on the Initial Address Message (IAM), Transit Network Selection (NTS) Parameter and the Network Identification Plan.

Unlike domestic calls where the CIC is not passed, part of the signaling protocol for international calls includes the CIC and the Transit Network Selection Parameter. Additionally within the TNS Parameter there is a portion of the message, called the Network Identification Plan, which reflects binary coding. Coding 0001 corresponds to a 3 digit CIC and coding 0010 refers to an expanded 4 digit CIC.

Your network must be prepared to accept both codings until all Ameritech switches have been upgraded to process a 4 digit CIC. This stipulation is necessary because a few analog switches will not be upgraded by November 1, 1994 when Ameritech will begin phasing use of an expanded 4 digit CIC. As a result, these switches will be unable to process the zero filled expanded 4 digit CIC and will continue to utilize coding 0001. Similarly, since both a 3 and a 4 digit CIC will not be sent on the same trunk group, different binary codings will also utilize separate trunk groups.

On the matter of end user dialing patterns and the manner in which 10XXX and 101XXX calls are processed by the network, it should be noted that, depending on the circumstances, a zero is either added or deleted to accommodate the need for a 3 or 4 digit CIC. Please consider the following examples using fictitious carrier "ABC" with a CIC of 789:

If the end user dials 10789 and the call originates from an end office that can handle a 4 digit CIC and is going to an IC that can handle a 4 digit CIC, the Ameritech network adds a zero and sends a CIC of 0789 to the IC.

If the end user dials 101XXX and either the end office or the IC is not capable of handling a 4 digit CIC, the Ameritech network deletes the zero and sends a CIC of 789.

One exception that should be kept in mind would be if there is a new IC, for example, with a CIC of 5432. If the end user dials 1015432 from an end office that is not equipped to handle a 4 digit CIC or to an IC that cannot accommodate a 4 digit CIC, the call will not complete until a workaround procedure is in place.

Hopefully this information will enable you to understand some of the more intricate details of CIC Expansion and allow you to modify your network accordingly. As additional information of this type becomes available, it will be communicated to you as soon as possible. In the meantime, if there are any questions on CIC Expansion, please call me on NPA XXX-XXXX.

Sincerely,

Account Manager

ATTACHMENT A

TESTING ACTIVITIES

The focus of the testing will be to determine if the IC network can recognize their CIC in the expanded format with a zero preceding the existing three digit CIC to make it four digits. Similar to other types of testing, trunk groups will be selected to monitor the transmission of the CIC from both an access tandem and directly from an end office. In addition, it will be necessary to test all switch types, as well as different types of calls. Reflected below is additional testing information.

END OFFICE SWITCH TYPES

1A ESS
2B ESS
5E ESS
DMS 10
DMS 100
EWSD

TANDEM SWITCH TYPES

4E ESS
5E ESS
DMS 200
DMS TOPS

CALL TYPES

800 Database
SS7 and MF
Tandem Hand-off
End Office Hand-off
PIC on line updates
5 digit CAC dialing
7 digit CAC dialing
Originating and terminating AMA
International 01 + (operator assisted)
International 011 + (direct)
10XXX + 0 inter and intra LATA
10XXX + 1 inter and intra LATA
101XXXX + 0 inter and intra LATA
101XXXX + 1 inter and intra LATA
00-

ATTACHMENT B

CONVERSION ACTIVITIES

1. Load SMS/SCP changes for 800 DB traffic
2. Write translation Methods & Procedures for field
3. Complete translation work in access tandems
4. Complete translation work in end offices
5. Determine order in which conversion activities will take place - all tandems first followed by end offices or individual tandems followed by subtending end offices
6. Provide schedule of tandems and end offices to ICs
7. Determine status of IC translation work
8. Coordinate transmission of 3 and 4 digit CICs from access tandems to IC
9. Coordinate transmission of 4 digit CIC from suitably equipped end offices to IC
10. Coordinate transmission of 3 digit CIC from specified analog offices
11. Coordinate transmission of 10XXX and 101XXXX end user dialing patterns
12. Resolve outstanding conversion discrepancies with IC

EXHIBIT "2-c"

Ameritech (logo)

SAMPLE CUSTOMER LETTER

DATE

CUSTOMER NAME:
CUSTOMER ADDRESS
CITY, STATE ZIP

SALUTATION:

On November 30, 1994, Carrier Identification Code (CIC) Expansion, the network conversion to the 4 digit CIC arrangement, is scheduled to be completed in the Ameritech region. We have scheduled the Ameritech end offices and access tandems to complete the conversion to the 4 digit CIC arrangement by October 31, 1994.

We plan to schedule the conversion of each of our Interexchange Carrier (IC) customers' network to the 4 digit CIC arrangement to be completed no later than November 30, 1994. To begin the conversion process, please contact me by September 1, 1994, to review your network for trunk group selection, signaling protocol and the identification of any unique network configurations that may require the attention of technical personnel. You can reach me on NPA-NXX-XXXX.

At that time we will schedule the conversion and identify the contact person within your company, name and telephone number, who will coordinate the conversion with Ameritech network personnel.

Ameritech plans to perform the conversion to the 4 digit CIC arrangement during off hours to minimize any impact on the network. Attached is a summary of the network testing and conversion activities that will be performed during the conversion to the 4 digit CIC arrangement.

We recognize that our CIC Expansion schedule is aggressive, our goal is to complete the conversion process before any customers are adversely affected by a shortage of CIC codes. We have also notified the Network Operations Forum (NOF) of our accelerated conversion schedule. Your cooperation in working with us on the CIC Expansion project is greatly appreciated.

Sincerely,

Account Manager's Name
NPA-NXX-XXXX

EXHIBIT "2-d"



January 10, 1995

Ms. Connie Mitchell
Vartec Telecom Inc.
3200 W. Pleasant Run Rd.
Lancaster, TX 75146

The new CIC Expansion implementation date on which you may begin receiving a 4 digit CIC is April 1, 1995. The primary reason for this change is to allow Network to more efficiently deploy its resources to cover other pending projects.

It should be noted, however, that your needs were taken into account before the date was changed. Carriers who had expressed an interest in converting on February 1, 1995 were contacted and agreed to the new date. All other carriers were not expected to convert until at least the second quarter of 1995.

During the first quarter of 1995 you will be sent additional information pertaining to the conversion process. These details will include a conversion schedule, fields required on the ASR, a list of offices which will not be ready to send a 4 digit CIC and a list of internal contacts.

As has been stated in previous correspondence, converting to a 4 digit CIC is optional. You may decide to delay scheduling a conversion and continue receiving a 3 digit CIC until a decision is made to accept the expanded format. If there are any questions on CIC Expansion, please call your Account Manager, Carol DeCoursey on (317)265-1020.

EXHIBIT "3"